PLACE-TO-PLACE PRICE COMPARISONS FOR SELECTED ALBERTA COMMUNITIES

MARCH 1989

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A special study prepared under the sponsorship of Alberta Power Ltd., Syncrude Canada, Alberta Government Telephones and Alberta Social Services

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INTRODUCTION

The following report presents the results of the March, 1989 spatial survey sponsored by Alberta Power Ltd., Syncrude Canada, Alberta Government Telephones and Alberta Social Services. The survey covered seven selected communities identified by the project sponsors. Data collection was carried out during the first week of March, 1989 over a four day period.

The report is divided into three sections. The first includes tables indicating the survey results with a brief summary of the survey highlights. The second section outlines methodology and a third lists the items surveyed. A broader description of the various types of price indexes and how they differ from a place-to-place or "spatial" price index, can be found in the 1985 edition of "Place-to-Place Price Comparisons for Selected Communities", or can be obtained by contacting Secondary Data Production, Alberta Bureau of Statistics.

The 1989 results can be electronically accessed via ASIST (Alberta Statistical Information System).

I. HIGHLIGHTS AND TABLES

1. Edmonton-Based Comparisons

The final results of the 1989 Place-to-Place Price Comparison Survey are presented in Tables 1, 2 and 3. For all indexes presented in these tables, Edmonton serves as the reference base which is assigned an index value of 100. All other indexes reflect community prices in terms of the base index. Therefore, communities with an index of 100 for any component category or for the total baskets of goods, experienced prices equivalent to those in Edmonton. Indexes of less than 100 indicate community prices were lower than the base community, while those centres with indexes greater than 100 recorded prices higher than in Edmonton. It should also be noted that the number of items priced varies between communities, and as a result, the weighting patterns will also differ. A list of the total weight used for each community is found in Table 1.

2. Highlights

Table 1 presents the total, food and non-food indexes for each of the seven communities surveyed. The results of the survey indicate that only one community, Grande Cache (99.9), had an overall lower index than Edmonton. A major contributing factor to this was the substantially lower cost of housing in this community. The highest overall prices were found in High Level (113.4) followed closely by Slave Lake (112.0). The overall index was based on a survey of 236 to 249 items depending on the availability of the item within each community.

Table 2 indicates by major group the results of the food price comparison by community. In deriving the food index for each community 112 to 115 different food items were priced in eight categories. The results of the food component of the survey indicated Edmonton had the lowest food prices of the seven communities. The Grande Prairie price index for food at 102.5 was the closest to Edmonton's with the highest individual component, dairy, at only 106.6. High Level displayed the highest level of food prices with an index value of 112.5 followed closely by Fort McMurray and Grande Cache at 109.8 and 109.3 respectively. The highest individual price index for a food component was for processed fruit and vegetables in High Level at 130.1. No individual price index for any of the eight food groups used in the survey fell below the index level of 100.

Results of the non-food category by component for the Place-to-Place Price Comparison Survey are depicted in Table 3. The non-food aggregated index indicated, as did the total index, that Grande Cache (97.4) was the lowest. This again results from the effect of the shelter component reflecting the substantially lower cost of housing in this community. The highest prices for the non-food group were found in High Level (113.7) followed by Slave Lake (113.0), Ft. McMuarray (110.8) and Peace River (107.9). The largest single non-food component differential was High Level's household services index at 134.4. In addition to this, four of the remaining eight non-food components for High Level were above the 120 index level.

TABLE 1

FOOD, NON-FOOD AND ALL ITEM INDEXES

March, 1989

COMMUNITIES	FOOD		NON-FOOD		ALL-ITEM		Weighting Pattern (% of average family expenditure on items surveyed)
	Number of Items Surveyed	Index	Number of Items Surveyed	Index	Number of Items Surveyed	Index	
Edmonton	115	100.0	134	100.0	249	100.0	68.35
Grande Prairie	114	102.5	133	102.9	247	102.8	68.05
High Level	113	112.5	123	113.7	236	113.4	66.67
Peace River	114	108.1	130	107.9	244	107.9	67.57
Ft. McMurray	112	109.8	126	110.8	238	110.6	67.30
Slave Lake	115	108.3	124	113.0	239	112.0	66.43
Grande Cache	112	109.3	128	97.4	240	99.9	67.34

TABLE 2

FOOD INDEXES BY COMPONENT CATEGORIES

March, 1989

COMMUNITIES	Total Food	COMPONENT CATEGORIES							
		Dairy	Fats and Oils	Cereals & Breads	Processed Fruits/Veg.	Fresh Fruit/Veg.	Meat, Fish Poultry	Frozen & Pack. Food	Restaurant Meals
Edmonton	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grande Prairie	102.5	106.6	101.7	100.3	100.9	104.6	103.5	102.7	101.3
High Level	112.5	126.2	128.0	124.7	130.1	112.4	104.6	125.3	104.3
Peace River	108.1	109.8	103.0	112.6	101.3	117.5	109.3	101.3	107.1
Ft. McMurray	109.8	103.8	104.1	102.3	107.7	110.3	109.3	109.8	113.3
Slave Lake	108.3	107.5	107.8	105.9	105.4	101.4	111.6	111.3	108.0
Grande Cache	109.3	113.9	110.2	114.3	110.2	102.3	107.7	117.7	106.3

TABLE 3

NON-FOOD INDEXES BY COMPONENT CATEGORIES

March, 1989

COMMUNITIES	Total Non-Food	COMPONENT CATEGORIES								
		Personal Care Prod.	Household Supplies	Household Services	Household Equipment	Recreation & Leisure	Transpor-tation	Clothing	Shelter	Utilities
Edmonton	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grande Prairie	102.9	102.3	101.6	107.1	101.8	105.7	104.1	108.7	95.4	107.5
High Level	113.7	120.6	122.6	134.4	120.2	103.8	114.2	102.1	121.2	98.5
Peace River	107.9	109.7	102.1	111.7	107.6	106.7	107.7	103.4	112.2	104.1
Ft. McMurray	110.8	104.7	106.9	129.6	106.2	102.8	115.9	104.6	116.0	94.2
Slave Lake	113.0	111.9	108.9	103.5	123.9	114.2	115.6	105.0	118.7	96.8
Grande Cache	97.4	108.4	113.5	109.9	119.0	124.5	100.4	103.4	67.2	106.6

II. METHODOLOGY

1. Assumptions and Limitations

This survey is designed to measure price differentials in goods and services between Edmonton and each of the selected communities during the survey period March 6-10, 1989. When using the indices the following assumptions and limitations should be acknowledged:

a. Although the survey includes a large number of items it does not cover the universe of consumer goods and services. In past surveys difficulties encountered with certain items in matching exact or equivalent items, such as for furniture, appliances, and draperies, in relationship to the index weights associated with them, had not warranted their inclusion in the survey. Currently, the expenditure weight of the basket of goods surveyed accounts for approximately 68 percent of the Edmonton Consumer Price Index (C.P.I.) in terms of item weights. The remaining 32 percent of the basket has been excluded because of unavailability and lack of comparability of some items in smaller centres.

b. The item weights used throughout this survey are based on the C.P.I. implicit weighting pattern for Edmonton. Individual community weights are not available so an assumption was made that expenditure patterns, in terms of quantity and quality of goods purchased, was the same as Edmonton. In actuality the normal expenditure patterns outside of Edmonton may differ through the influence of income levels, through custom or local taste, availability, price, or other such factors.

c. This survey is not designed to measure temporal price changes. Present survey methodology does not allow for proper time series analysis; therefore historical survey results should not be compared to determine price changes over time.

d. The Place-to-Place Price Comparison Survey does not report cost-of-living indices. A true cost-of-living index incorporates the effect of price changes, substitution effects, and changes in standard of living due to price changes. Present methodology does not account for the effects of any of these changes. Instead, the survey presents price comparisons between communities for a specific time period.

e. The indices in Tables 1, 2 and 3 are calculated for independent comparisons to Edmonton. Because of the methodology employed in calculating survey results, these tables should not be used for comparisons among the various communites, only between each community and Edmonton.

2. Price Collection

The master list of items used in this survey is derived from Statistics Canada's items list for its Consumer Price Index. The 1989 Place-to-Place Price Comparison Survey included 249 items, which are listed in section III.

To ensure a valid measure of prices between communities, considerable attention was given to the selection of items and brand names. Wherever possible, major national brands were selected to ensure availability in each community. When an item was unavailable in a given centre, pricers used a provided item description to select a substitute. The

substitute was then priced in Edmonton and used in the final comparison for that particular community. Items priced were always consistent between Edmonton and each community but specifications for some items could differ among communities. If an item or a reasonable substitute was unavailable, it was omitted from the survey.

Prices were obtained through personal visits by Alberta Bureau of Statistics' representatives to retail stores and service outlets in each selected community. The selection of stores for pricing was made in advance based on sales volume information. A list of store names and addresses was provided for the pricers.

In order to minimize time-related errors and biases, prices in all centres were collected within a four-day period, March 6-10. Whenever possible, the regular price (sale prices were not recorded) of each item was priced in a minimum of 3 stores in each community.

3. Utilities and Shelter

The utilities and shelter categories were the only components of the survey not priced directly in the field. The Alberta Public Utilities Board and local governments provided utility rates for natural gas, electricity, water and sewage. The average annual tax bill per household was not available for inclusion in the 1989 Place-to-Place Price Comparison due to timing of the survey.

Average rental accommodation costs for each community were calculated from information obtained from Alberta Municipal Affairs and Canada Mortgage and Housing Corporation. The average prices in March, for a 1,200 sq. ft. bungalow, double

garage, were provided by Canada Mortgage and Housing Corporation.

4. Weighting Pattern

For the purposes of the 1989 Place-to-Place Price Comparison Survey, the Edmonton implicit weighting pattern was applied to all surveyed locations. Individual community weighting patterns are not available. The item weights were developed from the 1986 Family Expenditure Survey and supplied by Statistics Canada. The item weights reflect the relative importance of commodity purchases expressed as a percentage of the total family budget.

The total item weights used ranged from 66.43 to 68.35 of the C.P.I. implicit weighting pattern for Edmonton. Variations in total item weight occurred due to the exclusion of some items and their respective item weights within a community. As noted above, exclusion of an item in a community occurred whenever a required item or a reasonable substitute could not be located within that community.

5. Calculation of Indices

Step i:

$$\text{Ratio of Prices:} \quad \frac{\text{Average Price of item in Community Y}}{\text{Average price of item in Edmonton}}$$

Step ii:

Weighted Ratio: Ratio of prices x Item weight

Step iii:

Category Index:

$$\frac{\text{Sum of weighted ratios for a specific category}}{\text{Sum of item weights for specific category}} \times 100$$

III. ITEMS SURVEYED BY COMPONENT CATEGORY

1. Food Items

Category	Category Weight
Dairy	1.34
Fresh Milk	
Whipping Cream	
Sour Cream	
Yoghurt	
Cottage Cheese	
Cheddar Cheese	
Processed Cheese	
Cream Cheese	
Butter	
Canned Milk	
Powdered Milk	
Ice Cream	
Fats and Oils	0.307
Margarine	
Shortening	
Cooking Oil	
Salad Dressing	
Non-Dairy Creamer	
Cereals & Breads	1.247
Cold Cereal	
White Flour	
Cake Mix	
Macaroni	
Rice	
Cooked Cereal	
White Bread	
Hot Dog Rolls	
Bran Muffins	
Cookies	
Crackers	
Frozen Cake	

Category	Category Weight
Processed Fruits & Vegetables	0.372
Canned Peaches	
Canned Pears	
Canned Apple Sauce	
Canned Pineapple	
Canned Fruit Cocktail	
Canned Apple Juice	
Canned Orange Juice	
Raisins	
Canned Kidney Beans	
Canned Baked Beans	
Canned Tomatoes	
Canned Tomato Juice	
Canned Peas	
Canned Corn	
Canned Green Beans	
Fresh Fruit & Vegetables	1.063
Oranges	
Bananas	
Apples	
Grapefruit	
Grapes	
Table Potatoes	
Tomatoes	
Lettuce	
Carrots	
Celery	
Cucumbers	
Onions	
Cabbage	
Turnips	

Category	Category Weight
Meat, Fish, Poultry	2.840
Sirloin Steak	
Round Steak	
Standing Rib Roast	
Blade Roast	
Stewing Beef	
Hamburger	
Liver	
Bacon	
Sausages	
Weiners	
Smoked Ham	
Cottage Roll	
Pork Chop	
Pork Shoulder Steak	
Lamb	
Chicken	
Turkey	
Eggs	
Frozen Fish	
Canned Meat	
Luncheon Meat	
Canned Shrimp	
Canned Salmon	
Frozen & Packaged Food	1.467
Frozen Orange Juice	
Frozen Potatoes	
Frozen Fruit	
Frozen Peas	
Frozen Corn	
Frozen Fish Speciality	
Frozen Meat Pie	
Canned Soup	
Baby Food	
Chocolate Bar	
Corn Syrup	
Drink Crystals	
Soft Drinks	
Jelly Powder	
Honey	

Category	Category Weight
Jam	
Peanut Butter	
Salt	
Spices	
Pickles	
Catsup	
Macaroni Dinner	
Canned Stew	
Potato Chips	
Roasted Coffee	
Instant Coffee	
Tea	
Sugar	
Baking Soda	
Restaurant Meals	5.361
Breakfast	
Lunch	
Dinner	
Snack	
Carry-Out-Meal	

2. Non-Food Items

Category	Category Weight
Personal Care Products	3.327
Soap	
Shaving Cream	
Toothpaste	
Shampoo	
Hair Colour	
Cream/Lotion	
Perfume	
Deodorant	
Razor Blades	
Patent Medicine	
Cold Remedy	
Vitamins	
Band-Aids	
Cosmetics	
Toilet Tissue	
Sanitary Napkins	
Disposable Diapers	
Prescribed Medicine	
Men's Haircut	
Women's Haircut	
Tissues	
Household Supplies	2.224
Garbage Bags	
Light Bulbs	
Envelopes	
Paper	
Food Wrap	
Aluminum Foil	
Paper Towels	
Dish Soap	
Dishwasher Detergent	
Fabric Softener	
Detergent	
Bleach	
Scouring Powder	
Floor Wax	
Household Services	1.279
Dry Cleaning	
Coin Laundry	
Shoe Repair	
T.V. Repair	
Plumber	
Jewellery Repair	
Tailoring	
Household Equipment	0.770
Garbage Can	
Electric Drill	
Bed Sheets	
Towels	
Vacuum Cleaner	
Coffee Maker	
Dishes	
Covered Casserole	
Recreation & Leisure	6.071
Television	
Record	
Camera	
Camera Film	
Film Processing	
Batteries	
Driving Lessons	
Motel	
Bowling	
Newspaper	
Magazine	
Beer Consumed in Licensed Premises	
Liquor Consumed in Licensed Premises	
Cigarettes	
Sporting Event	
Golf Balls	

Category	Category Weight
Recreation & Leisure	6.071
Monopoly Game	
Admission to Movie	
Flowers	
Bicycle	
Camping Equipment	
Transportation	17.750
Gasoline	
Oil	
Automobile Equipment	
Oil Changes	
Tow Charge	
Parking	
Taxi Fare	
Car Rental	
Tires	
Car Repair Part	
Minor Tune-Up	
Auto Insurance	
Car	
Truck	
Clothing	6.689
Womens:	
Raincoat	
Sweater	
Suit	
Blouse	
Dress	
Slacks	
Brassiere	
Brief	
Slip	
Pantyhose	
Wrist Watch	
Purse	

Category	Category Weight
Mens:	
Coat	
Dress Slacks	
Shirt	
Casual Shoes	
Jeans	
Sports Shirt	
Sportswear	
Sweater	
Brief	
Undershirt	
Socks	
Wallet	
Wrist Watch	
Boys:	
Jeans	
Jackets	
Brief	
Socks	
Girls:	
Jacket	
Slacks	
Jeans	
Socks	
Infants:	
Sleepers	
Footwear:	
Men's Dress Shoes	
Men's Casual Shoes	
Women's Casual Shoes	
Girl's Shoes	

Category	Category Weight
Clothing, Cont'd.	
Material	
Zipper	
Shelter	12.612
Tenants Insurance	
New House	
Rental Costs	
Utilities	3.342
Natural Gas	
Electricity	
Water & Sewage	